

# Hypocrisy of German social democrats and Greens over welfare “reform” for the jobless

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Mediators from the upper and lower houses of the German parliament will meet January 7 to renegotiate the federal government’s proposed reform of its Hartz IV (unemployment benefits) legislation. The process is a transparent manoeuvre by the Social Democratic Party (SPD) and Greens, aimed at salvaging prestige for their parties, rather than ameliorating conditions for millions of poor people dependent on miserly Hartz IV unemployment payments.

The Bundesrat (upper house) rejected the government’s bill in mid-December. Following electoral defeats last year, the governing coalition parties—the Christian Democratic Union-Christian Social Union alliance (CDU/CSU) and Free Democratic Party (FDP)—are no longer able to command a majority in the upper chamber. The temporary delay in passage of the legislation was provoked by the Green Party in Saarland, who govern the small state together with the CDU and FDP.

The reform of the Hartz IV law became necessary following a ruling by the Federal Constitutional Court. In February 2010, Germany’s highest court instructed the federal government to make the standard rates of unemployment benefits more transparent by the end of the year. In particular, the standard rate for children was to be based on their actual needs and not simply calculated as a percentage of the standard rate for adults.

The federal government has now partially fulfilled this task. The method of calculation is now more transparent. However, the rates are still completely arbitrary and an affront to the entire working population. Many had hoped that the new calculations would also result in a marked increase in the standard rates—although the Constitutional Court had not expressly demanded this.

The federal Ministry of Labour and Social Affairs’ recalculation has, in fact, amounted to an exercise in chicanery, prolonging the process until a paltry rate of €364 (US\$473) per month for adults was decided upon. For about 5 million adults in receipt of Hartz IV unemployment benefits, this represents an increase of €5 per month. Benefits for children are not increased at all and remain at the current rate of €215 to €287, depending on age.

To avoid any significant increase, the government arbitrarily reduced the income level of the comparison group chosen for the calculation. While the lowest 20 percent of household incomes (households without unemployed members) served as the basis for deciding rates in 2005, it is now only the lowest 16 percent. Since 1998, these households have been greatly impoverished due to the policies of the SPD-Green government of Gerhard Schröder (SPD)

and Joschka Fischer (Greens)—in particular the Hartz legislation they introduced.

Over this period, a huge low-wage sector has emerged. One in five workers in Germany is now working in a low-wage job. Many of them receive additional Hartz IV benefits because they are otherwise unable to feed themselves and their families. In July 2010, there were more than 1.4 million such people receiving benefits to top up their income to subsistence level (more recent data is not available), and nearly 400,000 of them were in full-time employment.

The SPD’s current exploitation of the Hartz reform in order to call for the introduction of minimum wages is a matter of pure hypocrisy and cynicism. The SPD is responsible for the low wages and will readily sacrifice this demand in a calculated sell-out.

The low-income sector is now being used as the benchmark for setting the unemployment benefit rates as low as possible. However, as greater increases would have been necessary even on this basis, the federal government has arbitrarily removed from the calculations expenditures that had previously been recognised. Thus, the monthly €14 for tobacco and alcohol is no longer included in the newly calculated rate. A sum of €2.99 per month for bottled water has been granted as a compensation. Since the ministry’s view is that neither shoes nor clothing directly “contribute to the maintenance of the recipients’ livelihood”, the entitlement for these items will be reduced!

Another sleight of hand involves the reckoning of average expenditures. Internet access is generally regarded as a basic human requirement in the twenty-first century. It now appears for the first time in the standard benefits rate, but only at €2.28 per month. Such a sum cannot finance an Internet connection. The Federal Statistical Office has calculated that low-income households would need to spend an average of €14 a month for Internet access.

The swindling in the calculations will also lead to a reduction in the rates for the more than 1.7 million children who receive Hartz benefits. Their rates have now been summarily set back to the old level. Children are also supposed to receive additional funds for education and participation in social and cultural activities. Included in this so-called education package are school lunches, homework tutoring and contributions to afternoon sports clubs and music schools. Approximately €10 per child per month will be available for this last group—enough for half a music lesson.

This money will not be given to the parents, but paid directly or

by voucher—subject to “case by case evaluation”—to the clubs and service providers. Although the calculated financial needs of the children—supposedly measured by their actual requirements—amount to no more than a drop in the ocean, they entail an enormous administrative burden. The unemployment agencies require about 1,300 additional employees just to cover the bureaucratic regulation of the proposed educational provision at the local level.

Neither the SPD nor the Greens have any fundamental objection to the federal government’s Hartz law reform. Consensus reigns concerning the minimal increase in the standard benefit rates—which have never compensated for inflation since the introduction of Hartz IV law in 2005. “The five euro? There’ll be no dispute about that”, said SPD chairman Sigmar Gabriel.

But one can hardly talk of a dispute when it comes to other issues either. The SPD and Greens are above all concerned that the arbitrary basis for the calculation of benefits will immediately give rise to renewed lawsuits, with the law once again floundering in the Federal Constitutional Court. The SPD’s and Greens’ parliamentary factions and state deputies have therefore compiled an extensive catalogue of questions and tests, designed to make the rates’ costing methods legally watertight.

The SPD and the Greens demand no more than a few cosmetic changes to the Hartz law. At the same time, they want to ensure that “the money is not wasted”, as Gabriel put it. Instead of financing violin lessons, social workers should be urgently employed in schools, demanded the leading social democrat. If this were guaranteed, he believed a parliamentary agreement could soon be reached. “We’ll then be very ready to bring the matter to a close”, said Gabriel. The federal government “should agree to at least get social workers into the schools. And then we’ll be finished with the negotiations”.

The SPD and the Greens are not concerned about the brutal cuts included in the Hartz reform. That is why no one has raised any protest against the ending of child allowance benefits. Until now, all parents have received child allowance money during their children’s first year—Hartz IV recipients received €300 a month, higher-income earners up to €1,800.

The SPD and Greens also support the provision that employment agencies of Hartz recipients no longer have to pay contributions into the pension scheme. In this way, the state saves about €2 billion a year, thereby exacerbating the already mounting poverty in old age.

There will also be cuts for the disabled. If they do not manage their own homes, they will receive only 80 percent of the full rate of support obtained until now. The handicapped will thus receive €68 less, rather than €5 more than what they have been granted in the past.

By delaying reform of the Hartz IV law in the Bundesrat, the SPD has tried to distance itself from the most extreme effects of its own policy. “I’m convinced people know that the issue of social justice is better suited to the SPD than to the governing CDU-CSU and FDP parties”, said Hubertus Heil, the deputy chairman of the SPD parliamentary faction, in an interview with the *taz* [*Die Tageszeitung*] daily newspaper.

His statement is primarily motivated by electoral concerns.

Seven state and two local elections will take place this year. However, the people have a better memory than Heil would credit them with, as evidenced by the persistently low approval rating for the SPD in surveys. The SPD agrees—as do the Greens—with the federal government on all key issues. This applies to the austerity budget at the expense of the poor, the bailout of the banks, the war in Afghanistan, as well as the basic features of the present Hartz law reform.

The Left Party has expressed outrage that it is the only party in the Bundestag and the Bundesrat not given a place in the mediation committee’s Hartz IV working group. Its parliamentary faction chairman, Gregor Gysi, spoke of a “serious violation of democracy” and an “abrogation” of “democratic practices”.

But even if the Left Party had been allowed a say in the mediation committee, the outcome would have been much the same. When the bank rescue package was passed in parliament within the space of a week two years ago—bypassing “democratic practices” on that occasion too—and the banks were given access to half a trillion euros of public money, the Left Party was proud that it had done nothing to hold up the normal parliamentary process.

Gysi is primarily concerned with proving to the SPD and the Greens that they can rely upon the Left Party. He has stressed that nothing “constitutionally valid” would emerge from the mediation committee’s deliberations without the participation of the Left Party.

The declared objective of the Left Party is to assist the SPD and the Greens back into power. Its participation in governments with the SPD in Berlin and Brandenburg demonstrates that Left Party is at the forefront when it comes to dismantling jobs in the public service and enforcing budgetary austerity. It sees its main task to be stifling any independent opposition movement, an opposition that would break with the SPD and the unions and uncompromisingly defend the rights of all workers and the unemployed.



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